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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

LONG ISLAND OFFICE

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TO BE FILED UNDER SEAL

IN RE SEARCH OF
INFORMATION ASSOCIATED WITH:
THE EMAIL ADDRESS:
PK1726@AOL.COM
THAT IS STORED AT PREMISES
CONTROLLED BY AOL INC.

AFFIDAVIT IN SUPPORT
OF APPLICATION FOR
SEARCH WARRANT

----- X
EASTERN DISTRICT OF NEW YORK, SS:

MJ - 17 760

I, BARRY O. BOUCHIE, being duly sworn, depose and say:

INTRODUCTION AND AGENT BACKGROUND

1. I am a Postal Inspector with the United States Postal Inspection Service ("USPIS") and have been so employed for over 21 years. I am currently assigned to the USPIS Department of Justice Mail Fraud Team in Washington, D.C. I have conducted numerous criminal investigations involving violations of 18 U.S.C. § 1301 (Importing or Transporting Lottery Tickets), 18 U.S.C. § 1302 (Mailing Lottery Tickets or Related Matter), 18 U.S.C. § 1341 (Mail Fraud), 18 U.S.C. § 1343 (Wire Fraud), 39 U.S.C. § 3005 (False Representations and Lotteries), and related statutes. I also have successfully completed various training programs provided by the USPIS and other institutions, regarding computer-related investigations and computer technology. As a Postal Inspector, I have participated in many searches of business locations and residences.

2. The information contained in this Affidavit is based upon my personal knowledge and observation, my training and experience, conversations with other law enforcement officers, and the review of documents and records.

3. I make this affidavit in support of an application for a warrant to search records associated with the following email address, hereinafter “**TARGET ACCOUNT**,” namely: PK1726@AOL.COM. The **TARGET ACCOUNT** is stored at premises controlled by AOL Inc. (“E-mail Provider”), 22000 AOL Way, Dulles, Virginia. The **TARGET ACCOUNT** is more particularly described in Attachment A. This affidavit is made in support of an application for a search warrant under 18 U.S.C. §§ 2703(a), 2703(b)(1)(A) and 2703(c)(1)(A) to require the E-mail Provider to disclose to the government copies of the information (including the content of communications) further described in Section I of Attachment B. Upon receipt of the information described in Section I of Attachment B, government-authorized persons will review that information to locate the items described in Section II of Attachment B.

4. Authority is sought to search the **TARGET ACCOUNT** for items that constitute evidence, contraband, fruits, and instrumentalities of violations of Title 18, United States Code, Section 1301 (Importing or Transporting Lottery Tickets); Title 18, United States Code, Section 1302 (Mailing Lottery Tickets or Related Matter); Title 18, United States Code, Section 1341 (Mail Fraud); Title 18, United States Code, Section 1343 (Wire Fraud); and Title 18, United States Code, Section 1349 (Conspiracy to Commit Mail Fraud) (collectively, the “Specified Federal Offenses”).

5. Because this affidavit is being submitted for the limited purpose of establishing probable cause, I have not included every detail of every aspect of the investigation. Rather, I have set forth only those facts that I believe are necessary to establish probable cause to search the E-mail Provider. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part.

6. Based on my training and experience and the facts as set forth in this affidavit, there is probable cause to believe that violations of the Specified Federal Offenses have been committed by Patti Kern (“KERN”). There is also probable cause to search the information described in Attachment A for evidence, instrumentalities, contraband and fruits of these crimes, as further described in Attachment B.

JURISDICTION

7. This Court has jurisdiction to issue the requested warrant because it is “a court of competent jurisdiction” as defined by 18 U.S.C. § 2711. 18 U.S.C. §§ 2703(a), (b)(1)(A) & (c)(1)(A). Specifically, the Court is “a district court of the United States . . . that – has jurisdiction over the offense being investigated.” 18 U.S.C. § 2711(3)(A)(i). There is probable cause to believe that the fraudulent mass-mailed solicitations discussed in this affidavit are sent to consumers across the country, including consumers in this district. Moreover, there is probable cause to believe that consumers, including ones in this district, mail payments in response to the solicitations.

8. I anticipate executing this warrant under the Electronic Communications Privacy Act, in particular 18 U.S.C. §§ 2703(a), 2703(b)(1)(A) and 2703(c)(1)(A), by using the warrant to require AOL to disclose to the government copies of the records and other information (including the content of communications) particularly described in Section I of Attachment B. Upon receipt of the information described in Section I of Attachments B, government-authorized persons will review that information to locate the items described in Section II of Attachment B.

9. Pursuant to 18 U.S.C. § 2703(g), the presence of a law enforcement officer is not required for the service or execution of this warrant. To the extent necessary, I seek authorization

to utilize non-law enforcement personnel, including AOL personnel, for assistance in the execution of this search warrant and the technical examination of the seized items.

SUBJECT ENTITIES

10. KERN is a U.S. citizen residing in Henderson, Nevada. KERN is a mailer in the mass-mailing fraud industry. KERN mails fraudulent solicitations that target elderly and vulnerable victims throughout the United States. KERN is the owner of “Kern & Associates” and is associated with multiple mass-mailing fraud schemes operating under multiple names. KERN uses the **TARGET ACCOUNT** to facilitate her fraudulent mailing activity since at least 2009.

11. Pacific Allocation Systems, Inc. (“PAS”) is a registered company located in Henderson, Nevada. According to the Articles of Incorporation, the President of PAS is Jose Mendez (“Mendez”). PAS is the company name listed on many solicitations that are mailed to victims throughout the United States. The payment address listed on the solicitations is a commercial mail receiving agency (“CMRA”) located in Miami Lakes, Florida. PAS is conducting a mass-mailing fraud scheme. KERN is associated with PAS and uses the **TARGET ACCOUNT** to conduct business on behalf of PAS.

12. Thomas Ressler (“Ressler”) is a U.S. citizen residing in Whitehall, Montana. Ressler is the owner of “Ressler Creative” and is a creative designer for the direct mail industry. Ressler creates the graphics and content for PAS fraudulent solicitations among others that are sent to millions of victims throughout the United States and the world every year. Ressler has had communications with KERN since at least 2009. KERN contacts Ressler using the **TARGET ACCOUNT**.

13. Jill Castellano (“Castellano”), the CEO of Saavoy List Management aka Saavoy Direct Response Group (“Saavoy”), is a known list broker in the direct mail industry and many of

Saavoy's clients are involved in mass-mailing fraud. Saavoy provides mailing lists by brokering deals between list owners and mailers. Saavoy primarily conducts this business via e-mail, some of which will be detailed below. KERN contacts Castellano and Saavoy using the **TARGET ACCOUNT**. Castellano has signed a plea agreement with the U.S. Department of Justice, agreeing to plead guilty to conspiracy to commit mail fraud in connection with mass-mailing fraud schemes and to cooperate in the government's investigations.

INVESTIGATION BACKGROUND

14. The targets of this investigation are the individuals and entities responsible for sending fraudulent solicitations via the United States mail to elderly and otherwise vulnerable residents in the United States. The fraudulent solicitations typically seek payments or "processing fees" for bogus lottery, sweepstakes and other large cash prizes that are never paid or other services that are never provided. These often take the form of sweepstakes or merchandise incentive offers ("MIO"). In an MIO, the victims send in a payment and are promised a non cash luxury item like a car. For both sweepstakes and MIOs, the solicitations flow through the U.S. Mails. Victims who send in payments generally receive nothing of value in return, but when they do receive something it is a trinket of nominal value or a sweepstakes report (a sweepstake report is a listing of contests that a victim may enter) rather than the lucrative prize being advertised. These kinds of solicitations collect millions of dollars a year from victims.

15. As part of an investigation into fraudulent solicitation schemes involving American victims, I have learned that tens of thousands of fraudulent lottery-related solicitations are mailed to American victims nearly every day. These solicitations take many forms, but all contain misrepresentations that are designed to trick elderly or otherwise vulnerable victims. The solicitations in the schemes consistently make false claims that the individual recipient has

already won or will soon win cash or valuable prizes that will be disbursed once the victim has paid a small fee.

16. In reality, the solicitations are mass mailed to potential victims whose names and contact information were acquired from a mailing list. The solicitations falsely represent that the recipients were personally selected and that personalized efforts on their behalf already have been taken. Nor are the advertised products or services personalized as described in the solicitations.

17. A “caging service” or “caging agent” is a third-party service provider to the direct mail industry that receives and handles customer (or in this case, victim) payments sent by mail. In the context of this investigation, caging services work for the coordinators of mass-mailed solicitations. The caging service rents postal mail boxes and receives consumers’ payments and responses to the solicitations. The services provided by the caging service may include opening the envelopes, processing payments, compiling product orders, correcting recipient addresses, processing returned mail, providing lockbox services and depositing funds and the associated data processing for each of these services. The caging service does not fulfill promises made to consumers.

18. In the direct mail industry, list brokers work with clients who mail solicitations, as well as list owners who possess mailing lists. List brokers receive a commission based upon the fee the mailer pays to the list owner. List brokers provide the lists that mailers need to reach likely customers, and can assist by recommending or filtering lists, and accessing databases of mailing lists, or owners with privately held lists.

19. The major sources of evidence in this investigation include: United States Postal Service records; witness interviews; victim complaints; business and public records; and evidence recovered from the execution of search warrants at physical locations and for electronic accounts.

20. I am aware that courts have long regarded factually similar schemes as mail fraud. *See, e.g., United States v. Weingold*, 69 F. App'x 575 (3d Cir. 2003); *United States v. Weingold*, 844 F. Supp. 1560 (D.N.J. 1994); *Crane v. United States*, 259 F. 480 (9th Cir. 1919). I also am aware that a fraudster is not able to escape liability for mail fraud by targeting vulnerable or gullible victims. *See United States v. Pollack*, 534 F.2d 964, 971 (D.C. Cir. 1976).

PACIFIC ALLOCATION SYSTEMS MAIL FRAUD SCHEME

21. PAS mails solicitations to consumers nationwide under its own name and others, such as Distribution Reporting Services. Consumers in the United States receive solicitations through the U.S. mail from PAS.

22. The solicitations are designed to appear personalized to the recipient, rather than identical mass-mailings. I have reviewed a PAS solicitation received by an actual recipient and it appeared personalized; the solicitations repeatedly use the consumer's name, assert that the consumer has been "identified and verified" by PAS, contain the words "non-transferable" and "non-transferable document," with a six character alphanumeric document number, a 10 digit "personal file #," and list a 14-digit "personal I.D." purportedly assigned to the recipient.

23. Based on my experience, the solicitations are mass mailed to recipients whose names and contact information are acquired from mailing lists. The solicitations falsely represent that the recipient was personally selected. In my training and experience, the mass-mailer personalizes the solicitations by using mail-merge features of common word-processing software. The consumer is receiving the solicitation because his or her name appears on a commercially-available mailing list of persons that have previously responded to fraud schemes.

24. The PAS solicitation bears the words "GENUINE NOTIFICATION DOCUMENT" and "Prize Compilation Headquarters," along with the words "Cash & Prize

Compilation Review.” The solicitation informs consumer recipients that a “total awardable amount” and “conspectus of \$927,111,17 [sic]” is “ready for disbursement and tallied in full report with easy entrance access note[.]” Although there are references to the consumer receiving a “Conspectus Report,” the solicitation further contains additional statements designed to mislead consumers into believing that they have won \$927,111.17:

- a. You have been identified and verified (sic) by Pacific Allocation Systems, Inc (P.A.S.) as KNOWN CANDIDATE with 100% full eligibility for a fortune in cash and prizes as itemized in the Conspectus Report presently being securely held in YOUR NAME.
- b. We are very pleased and excited to bring you this information of a potential cash bonanza which has been compiled with great attention to prize detail. All necessary entrance procedures to vie for full prize amounts are detailed.
- c. Unfortunately, this is the only communication we can knowingly send you. Your prize winning potential is entirely in your hands alone. We urge you to respond in immediately, and certainly within the next 7 days...
- d. The prizes listed are 100% confirmed and guaranteed to be paid in full by National Incentive Guarantors. This is FACT! Funds presently allocated equal or exceed \$927,111,17.
- e. NOTE: CONSPECTUS RELEASE FEE IS A REQUIRED \$25.00. SORRY, WE CANNOT RELEASE CONSPECTUS PRIZE DATA WITHOUT THE RELEASE FEE. NO EXCEPTIONS.
- f. MAKE PAYABLE TO: Pacific Allocation Systems, Inc.

25. The solicitation contains an illegible signature of the “Cash & Prize Compilation Manager.” Based upon my knowledge and experience the signatures on these solicitations are fictitious.

26. The solicitation concludes with a payment coupon. It contains two boxes for consumers to check. The first checkbox is accompanied by text further designed to mislead the victim into believing he or she has won a prize: “YES, I [name] am the person to whom this document was addressed. I understand that I am *fully qualified* and I wish release to me [sic] of the entire \$927,111,17 [sic] Conspectus with full entrance details delineated in the *Conspectus Report*.” (emphasis in original).

27. The second checkbox solicits payment: “I have enclosed REQUIRED \$25 in” cash, check, or money order. (capitalization and emphasis in original).

28. The solicitations include pre-addressed reply envelopes. Reply envelopes are commonly included in mail-based solicitations and invoices such as utility and credit card bills. Reply envelopes are physically smaller in size than the original solicitation or invoice envelope to allow them to be easily included within the original mailing. Reply envelopes are pre-addressed (printed with the delivery address) or include a clear plastic “window” to allow a pre-printed delivery address to show through the reply envelope from a payment coupon within. Pre-addressing the reply envelope ensures the customers’ payment will be addressed properly and legibly.

29. In my training and experience, the reply envelope and the return portion of the solicitation frequently are the only means by which a physical address may be linked to a fraudulent scheme. No address or other contact information appears in any other portion of the solicitation. This is purposefully done by perpetrators of the fraudulent schemes, because the

elderly and vulnerable victims who respond to the schemes usually do not retain copies of the return portions of the solicitations or the reply envelope or otherwise retain the address information, thereby severing the link between the perpetrators of the fraudulent schemes and the physical address to which victims submit their payments.

30. The solicitation discussed above contains a self-addressed reply envelope to a CMRA box in Miami Lakes, Florida. This same CMRA address is used to receive payments for Distribution Reporting Services using a PAS preprinted payment envelope.

31. The solicitation contain inconspicuous gray disclosure on the reverse side of the solicitation that purports to set out terms and conditions. The difficult to comprehend disclosure continues to use obfuscatory, misleading language, for example referring to “full entry directives for known cash and prizes” and a “Monetary Compendium.” The disclosure also states that PAS has no direct connection with the “Sponsors, nor does PAS assist in entry other than providing information,” which is not mentioned in the rest of the solicitation. Recipients are unlikely to see, read, and understand the print in the disclosure. The disclosure does nothing to counteract the overall impression conveyed by the solicitations that the recipient will receive thousands of dollars or other prizes if the recipient pays the processing fee.

PATTI KERN

32. KERN directs the fraudulent mailing activity of PAS, described above. KERN pays Ressler to create the graphics and content for PAS’s solicitations that are mailed to victims across the United States. KERN instructed Ressler to include PAS as the listed name on the solicitations and to list the Miami CMRA as the listed return address. KERN uses the **TARGET ACCOUNT** for communications with Ressler. A sample of such communications are below.

33. According to United States Postal Service (USPS) records, the Miami Lakes CMRA box is registered to Mendez doing business as a company called Advanced Allocation Systems Inc. (“AAS”) but the box itself is paid for by a credit card in the name of PAS and Mendez. In addition, when the box was opened, the CMRA was given Articles of Incorporation for PAS and Mendez is the listed incorporator. The Miami Lakes CMRA was instructed to forward all mail to an address located in Henderson, Nevada and according to USPS records, Mendez receives mail at the same Henderson, Nevada address.

34. Consumers who received mailings that listed PAS and the Miami CMRA have made complaints as recently as March 2017 and as far back as 2013. The PAS solicitations listed in the complaints are similar to the one described above.

35. In addition to directing PAS fraudulent mailings from the **TARGET ACCOUNT**, KERN has conducted business for other fraudulent schemes using the **TARGET ACCOUNT**. Golden Products Services Inc. (“GPS”), is a company that mails similar solicitations to PAS and uses multiple CMRA addresses around the country to receive victim payments. Those CMRAs also forward GPS’s mail to several addresses in the Las Vegas and Henderson, Nevada metro areas. According to Bank of America records, since January 2014 GPS has paid KERN and/or Kern & Associates approximately a combined \$48,196.97. Kern communicated with those CMRAs via e-mail, some of which are detailed below.

36. In addition to mailing solicitations under PAS, KERN has had direct communications with other known entities in the direct mail industry. KERN has had extensive communications with Saavoy. As described above in paragraph 13, Saavoy is a list broker and has facilitated numerous mail fraud schemes.

37. KERN has recently begun mailing “Puzzles” mailings. Though these are not the same as sweepstakes reports or sweepstakes lotteries, they target the same vulnerable population and induce the victims to send in payments. According to Castellano, who proffered with USPIIS and DOJ on July 17, 2017, KERN has moved into “Puzzles” and uses the same mailing list of sweepstakes victims for her Puzzle mailings. KERN has employed Ressler to create these Puzzles mailings, some of which those communications are detailed below. KERN has contacted both Castellano and Ressler using the **TARGET ACCOUNT**.

TARGET ACCOUNT

38. As described above, PAS mails solicitations to victims nationwide. These solicitations are personalized to induce payment. KERN paid Ressler to create solicitations. In addition to PAS, KERN has been involved with various other fraudulent mail schemes. The following e-mails demonstrate that KERN used the **TARGET ACCOUNT** to conduct these activities in collaboration with known individuals in the direct mail industry.

EVIDENCE OF THE PAS SCHEME IN THE TARGET ACCOUNT

39. From the **TARGET ACCOUNT**, on April 11, 2017, KERN sent an e-mail to Ressler at tsrspecial@aol.com with the subject “Re: Question.” KERN referred in her email to PAS and the same CMRA address as on the PAS solicitation discussed above:

Hi Tom, finally getting back to you, so sorry for the delay. I’ll start with giving you the main info that I know you need and then we can go from there.

Company Name and Address: Pacific Allocation Systems, Inc. 15476 NW 77 CT. PMB #440 Miami Lakes, FL 33016-5823

Grand Prize will be \$12,500, with 5 runner ups receiving \$750 each. Have to say I really hate puzzles, they are so very confusing. What’s next. I know I need to get you out another \$2500.

Ressler responded on April 11, 2017:

Thanks Patti, puzzles can be kind of a maze in the beginning, but every client I have/ had, gets it in a really good understanding and excellent responses. It takes some hands on which is why the 'ridge runner' mailers don't get into it because they want no fulfilment, no management, and no commitment...and they attract regulators for those reasons. Puzzles simply don't get bothered and you'll have a huge market share from lists.

I have your material well in hand and was just waiting to catch up with you with the info you just sent...thanks....now I'll finish the rules and envelopes etc etc with correct names and addresses, amounts...I also have good list sources for you if you need, maybe you already have them...anyhow, I'm happy for you that you're in puzzles, you'll profit!

I'm being sure to give you the best puzzles out there (better than OPP's) just don't say anything!!!..

Thomas Ressler

Ressler sent a follow up e-mail on April 13, 2017. In the e-mail Ressler stated that he attached two draft solicitations that contained "the front end with addresses and award amounts...."

Ressler asked KERN to check the drafts to approve the work. Ressler goes on to mention the "Bonus Optin [sic] Package," he further explains that this is "where the large monies come in" and that customers can choose up to "\$45 dollars in bonus options" in order to have a chance to win extra money. For example, paying an extra \$10 optional fee will earn you the chance to win an extra \$500, paying a \$15 optional fee gives you a chance to win an extra \$1000, and paying a \$20 optional fee gives you the chance to win an extra \$1,500, and paying a \$25 optional fee gives you a chance to win an extra \$2,500. Ressler finishes the e-mail by stating that more people are asking for MIOs and seems they aren't having any "challenges" with them. KERN instructed Ressler to include PAS as the name on the solicitation and the Miami Lakes CMRA box address as the payment address from the **TARGET ACCOUNT**. These types of "Puzzles," as described above, make similar outlandish claims and target the same vulnerable population.

40. Ressler sent an e-mail to the **TARGET ACCOUNT**, on March 20, 2017. The subject was “1st Front End Puzzle.” Ressler stated:

Hi Patti, attached is the your [sic] Front End Puzzle, also called a Stage or Step One Puzzle.... the regulators seem to frown on asking too much money for the customer to register these first stage skill questions, seems 12 dollars? is about tops, you could check with a legal source maybe? I didn't give the Company a Name, nor did I give the puzzle itself a name yet, you can name it, or I'll pick out a name..... it does need both names.... as you'll notice most of all of the typography throughout is black, I've been doing that of recent because it allows all the typography to be lazered rather than preprinted...allows more flexibility if typography/copy needs changed during mailing...so basically it is a form without any preprinted type/copy.

Ressler went on to mention details about the printing process and how he will send a follow up e-mail containing a copy of the “step two tiebreaker” solicitation. Ressler also apologized for the lengthy delays due to a recent illness. KERN responds:

Hi, Tom this looks great. The companies name is Pacific Allocation Systems, Inc., will you be sending separate art file containing graphics, etc. for the main form? I do need a sample of the rules. Thanks Patti.

KERN again instructs PAS to be listed as the entity on the solicitation.

41. From the **TARGET ACCOUNT** on January 23, 2017, KERN sent an e-mail to Ressler with the subject “Puzzle Promotions.” KERN wrote:

HI Tom, hope all is well and that its not too cold up there. Do you write any puzzle promotions and if not do you have anybody you could recommend? If you do what is your price? Thanks Patti

Ressler responded:

Hi Patti, yes it is frigid up here! The temperature hasn't been above freezing since the beginning of november, mostly been below zero. It's funny how people adjust to it though, doesn't really seem to bother anyone! Makes us miss nevada though!!! Yes, I've been doing puzzles for years for a few clients, the largest client is Opportunities Unlimited in Kansas City.. (I do their controls) I attached the most current Piece I did for them a few weeks back... Each Puzzle Package usually consists of 3 individual packages ... 1) a (Front End Letter) as 'Step 1' 2) the second Letter called “Tiebreaker” ... 3) third Letter called ‘Bonus Options’ ...so 3 packages in all for each

Puzzle presentation I attached the 1) front End Step 1, and the 2) Tiebreaker so you can see the initial packages to launch a Puzzle Promotion.

Pricing can get a little complicated in the beginning because each package takes equal time and production. So the fees for a Complete/Full package of 3Pieces I get 10k for, or if priced per each individual piece/step, it's 3.5k . As in past, I'll do them cheaper for you because we're buddies, 2.5 per each... as mentioned they take a lot of time and production because of the legal language and structure, got to be very careful...I haven't ever seen any client of mine get in trouble with puzzles.

Ressler goes on to explain he may be able to do a cheaper version of the Puzzle Promotion but it would depend how much time he takes creating them. KERN responds:

Tom, Lets do this. These look great. What is your mailing address, will FedEx out initial funds. Thanks Patti

42. Ressler sent an e-mail to the **TARGET ACCOUNT** on October 6, 2016, with the subject line "Touching Base." The email was the first of a long chain of e-mails. Ressler wrote in his e-mail:

Hi Patty, been such a long time... are you still around?...
Tom

KERN replied on October 10, 2016. KERN stated:

Hi Tom, Yep, I'm still around....doing just a little direct mail, not in my name, sweeps reports, staying very low key. Spending alot [sic] of time with my horses. How are you and your family? Are you still enjoying Montana?

Ressler replied in the affirmative regarding Montana. Ressler went on to state:

Been very busy with new creative for all clients. A month or so ago there was a big raid in the Netherlands, a couple of my clients had to disappear! Everyone else is fine though. Sweeps reports are still in the mix with most clients, MIO's have been the big successes and Delivery Notices, those still take the lead.

Doing a lot of Health and Beauty as well as Collectibles all of which have no regulatory challenges!!! If I can be of any help to you just let me know.

I've been under an exclusive contract for the past five years preventing me from doing reports and sweeps for anyone, got out of it 6 months ago, much better now.

Let's stay in touch,
Tom

KERN replied on October 17, 2016. KERN stated:

Hi Tom, there has been alot [sic] of shake up in the industry of late, the whole Pac Net shut down effected many sweeps mailers. We would really like to get out of the sweeps reports and into just about anything else. If you have suggestions, samples, and advise would really appreciate it. It would be great to work with you again. I've kept very low key and small, think that is why we are actually still mailing. Patti

Ressler responded:

Hi Patti, ya, the PacNet mess along with Glen Burke's¹ involvement in it hurt a number of people for sure. PacNet is fighting it, but I think they'll most likely move on, pay the fines, settle in court and restart in a new more 'transparent way'! No one can walk away completely from those numbers of \$millions. I write for alot [sic] of people making it big being legitimate, no need for the fraud stuff...glad to be working with them. Glad you guys have always run things right too.

I'm happy to help you because as things are changing and developing, the ones left 'inheriting' the industry are all of us who are trustworthy, compliant, honest, and do things right! At least that's how I look at it all! (humbly)

Anyhow, yes there are a number of good, honest and very high-response offers that are working very well over and over again.. in fact one of them is a postcard that still amazes me, I created it three years ago and it still is the control over full 2 page mail packages...funny. I'm writing again for Opportunities Unlimited out of kansas city, they offer puzzles, and have no problems at all with them, something to consider.

The easiest and cheapest way to get growing is with MIO's, they are working the best and have no legal issues.

I'm going back into the office this afternoon and will send you samples of various MIO's, you'll see how simple they are and how easy to print and mail.

Ressler sent a new e-mail on October 19, 2016, with the subject line "Re: Samples." Ressler stated:

Hi Patti, I sent you a folder through 'YouSendit'.com (AOL can't deliver folders)... in the Folder are samples of some high responding successful MIO's (Merchandise Incentive Offers) I've been doing for the past 5 years...these are replacing alot of the sweeps and reports offers...

These are good offers because of their continued high performance, it's easy enough to set up and the items offered in the Offer are usually household items that are current and being advertised on television, internet, newspapers etc, [sic] by those companies who manufacture or market the item(s), their marketing already established the desirability of the items....

¹ Glen Burke (Burke) is an individual who is currently under indictment in the Disctrict of Nevada for operating fraudulent telemarketing and sweepstakes schemes.

So all you do is get one of each item to be listed to legitimately offer the items customers are assigned to,, [sic] and or deposit the cash that's going to be given away...every items must exist and 'in-hold' to prove the items are real and committed to. Inside the item listing you'll see the 'cheap' item that every gets 'unless' the customer gets>and>responds with the number associated to the big item)(s) listed [sic].... If the customers holding the assigned numbers for the big items don't respond, you get to keep the item in-hold. Again, basically everyone gets the 2 dollar necklace! ore [sic] whatever cheap item you may prefer.

I make the offers look like delivery notices, car titles, important mail, etc etc and they are working really well. The postcards work almost as well as the large mail packages.

Ressler went on to write about the samples of how to convert the offers to internet mailings, that he has a guy in New York City who has first class products, and that he would be "happy to put a winner together for you...." As described above, MIOs induce victims to send in payments for a promised luxury item like a car; however, the victims either receive nothing or they receive an item of nominal value.

43. On March 3, 2016, KERN sent an e-mail, from the **TARGET ACCOUNT**, to a CMRA manager in Congers, NY regarding instructions for a mail box. KERN wrote:

Hi Dave, Andrea will be processing the mail for both of these clients so please send the mail to her at:

Andrea Burrow

8236 Sierra Cascade Ct.

Las Vegas, NV 89117

KERN instructed the CMRA manager to forward the mail to an individual named Andrea Burrow ("Burrow") in Las Vegas, Nevada. Burrow is known to be an individual involved with the GPS mail fraud schemes. Burrow has been listed as the person to receive forwarded mail from several CMRA boxes in Congers, NY. Burrow has also had some communication via telephone with the CMRAs regarding payments for the box rentals. In addition, USPIS has identified Burrow as the

individual who deposits victim checks for multiple fraud schemes into Bank of America ("BOA") accounts at a BOA branch near her home in Las Vegas.

44. Castellano, using the e-mail account jillb@saavoylists.com, sent the **TARGET ACCOUNT** an e-mail on January 16, 2015, with the subject line "ALL AMERICAN." Castellano wrote:

Hi Patti

As you are aware, they didn't mail anything in November so nothing is coming due in January. Their list rental revenue is \$4380.74 (we rock) !

As such, we will put the \$4380.74 on account

They are accumulating money on account we have thousands from prior months do you want to use any of these funds?

KERN responded "Hi, and yes you do rock !!!! How much do they have on account at this time?" and Castellano responded "Now about \$10,000." KERN wrote back:

Lets release \$5000 and keep the rest on account. Make the Check out to All American Awards, Inc. and sent it to me at my address. 1861 Bogey Way, Henderson, NV. 89074. thanks

KERN is using the **TARGET ACCOUNT** to rent a mailing list from Saavoy in the furtherance of mailing her fraudulent solicitations. As described above, list brokers provide the lists that mailers need to reach likely customers and receive commission for each deal brokered.

45. From the **TARGET ACCOUNT** on December 1, 2014, KERN sent an e-mail to Castellano, with the subject line "National HL orders." KERN wrote "Attached is the grid with the National HL orders." Castellano responded:

Thanks Patti see below:

SCPS you won't get until the 10th it is not recip [sic] not sure how much of a rush you are in since the holidays or if you are mailing later in the month.

Cancel SWEEPS MEDIA SERVICES that file is part of SUPER SWEEPS MASTERFILE and can't be ordered.

Would you like to test any lists? There are a number you haven't used yet. If so how many?

Also, why didn't you continue on the following?

HIT IT BIG

HORIZON

NPR

RESEARCH ACCEPTANCE

Thanks

KERN responded:

I can live with the 10th. Trying not to order the same list for both companies since we combine our backends, gives me more names to mail thru [sic] the month that way and keeps you from getting complaints for too many dupes. Give me two suggestions for test list on National, new ones that neither company has ever mailed. yet.

46. From the **TARGET ACCOUNT** on August 8, 2011, KERN sent an e-mail to Castellano, with the subject line "NSD Check," the email stated:

Hi hope you had a great weekend. Received the check but it is made out to National Sweeps Productions. It needs to be to NSD Products Inc. [sic] They can't deposit this check, let me know if you want me to shred it or send it back to you.

Castellano forwarded the e-mail to another Saavoy employee and wrote:

Hi,
Problem...I don't have the instruction that Patti Kern sent for the \$2500 check for National Sweeps Products.
Didn't realize that she needed it payable to NSD Inc.
There is no such company as National Sweeps Products that is a mailer name we created.

So now how the heck can we apply an overpayment on their account to another account? I created an NSD Products Inc account.

The Saavoy employee sent an e-mail back to Castellano, it stated:

This is the same type of problem we had with GCS wanting their checks made out to someone else. This is a question for Nextmark not me. If you remember, I tried to get the answer from Deb Johnson in which I was told that you needed to send a detailed reason why this is being done. I don't know if you did anything or not.

NSD Products Inc. ("NSD") is a company in associated with GPS. Since August, 2013, GPS has paid NSD approximately \$510, 681.18. According to the above e-mail, KERN has been conducting business on behalf of NSD since at least 2011 using the **TARGET ACCOUNT**.

47. Ressler sent the **TARGET ACCOUNT** an e-mail on December 5, 2009, with the subject line "Re: New MIO Sweeps." Ressler wrote:

Hi Patti, thanks,,, sounds great/// and thank you for the input on the 'review', it is very very helpful to know. Mny [sic] reasons for the use of insight on responses, when a piece hits 6% it is obvious there is a working formula, at that point it becomes easy to take it to 10% because the factors of formulations are providing to exist within the piece... it allows me study it much much closer and determine what it is that makes it work [sic] better than others, at that point I can usually pinpoint those factors, improve them, and add to the formulations to make it pull 10% or higher, I have pieces that are pulling 15 to 22% percent at present -In Europe... there is no reason that can't happen here....!!!

Let's make that happen [sic].... by the way, the two sweeps just sent to you, those will pull about 12% and higher.... cash pools are POWERFUL!

Tom

48. Based on my training and experience, the above emails conclusively demonstrate that KERN uses the **TARGET ACCOUNT** to conduct business related to mail fraud.

49. AOL provides KERN with email service. In general, an email that is sent to an AOL subscriber is stored in the subscriber's "mail box" on AOL servers until the subscriber deletes the email. If the subscriber does not delete the message, the message can remain on AOL servers indefinitely. Even if the subscriber deletes the email, it may continue to be available on

AOL's servers for a certain period of time. Accordingly, I believe that records related to the Navigator scheme are maintained at the **TARGET ACCOUNT**.

50. There is therefore probable cause to believe that the **TARGET ACCOUNT** will contain records and communications relating to violation of the Specified Federal Offenses.

TECHNICAL BACKGROUND CONCERNING EMAIL

51. In my training and experience, I have learned that the E-mail Provider provides a variety of on-line services, including electronic mail ("e-mail") access, to the public. The E-mail Provider allows subscribers to obtain e-mail accounts, like the e-mail accounts listed in Attachment A, specifically, the e-mail address: PK1726@aol.com. Subscribers obtain an account by registering with the E-mail Provider. During the registration process, the E-mail Provider asks subscribers to provide basic personal information. Therefore, the computers of the E-mail Provider are likely to contain stored electronic communications (including retrieved and unretrieved e-mail for the E-mail Provider's subscribers) and information concerning subscribers and their use of the E-mail Provider's services, such as account access information, e-mail transaction information, and account application information. In my training and experience, such information may constitute evidence of the crimes under investigation because, for example, the information can be used to identify the account's user or users.

52. A subscriber can also store with the provider files in addition to e-mails, such as address books, contact or buddy lists, calendar data, pictures (other than ones attached to e-mails), and other files, on servers maintained and/or owned by the E-mail Provider.

53. In my training and experience, evidence of who was using an e-mail account may be found in address books, contact or buddy lists, e-mail in the account (and attachments to e-mails), pictures and other files.

54. In general, an e-mail that is sent to a subscriber of the E-mail Provider is stored in the subscriber's "mail box" on the E-mail Provider's servers until the subscriber deletes the e-mail. If the subscriber does not delete the message, the message can remain on the E-mail Provider's servers indefinitely.

55. When the subscriber sends an e-mail, it is initiated at the user's computer, transferred via the Internet to the E-mail Provider's servers, and then transmitted to its end destination. The E-mail Provider often saves a copy of the e-mail sent. Unless the sender of the e-mail specifically deletes the e-mail from the E-mail Provider's server, the e-mail can remain on the system indefinitely.

56. Subscribers to the E-mail Provider might not store on their home computers copies of the e-mails stored in their account with the E-mail Provider. This is particularly true when they access their account through the web, or if they do not wish to maintain particular e-mails or files in their residence.

57. In my training and experience, e-mail providers generally ask their subscribers to provide certain personal identifying information when registering for an e-mail account. Such information can include the subscriber's full name, physical address, telephone numbers and other identifiers, alternative e-mail addresses, and, for paying subscribers, means and source of payment (including any credit or bank account number). In my training and experience, such information may constitute evidence of the crimes under investigation because, for example, the information can be used to identify the account's user or users.

58. In my training and experience, e-mail providers typically retain certain transactional information about the creation and use of each account on their systems. This information can include the date on which the account was created, the length of service, records

of log-in (i.e., session) times and durations, the types of service utilized, the status of the account (including whether the account is inactive or closed), the methods used to connect to the account (such as logging into the account via the provider's website), and other log files that reflect usage of the account. In addition, e-mail providers often have records of the Internet Protocol address ("IP address") used to register the account and the IP addresses associated with particular logins to the account, which can help to identify the computers or other devices that were used to access the e-mail account.

59. In my training and experience, in some cases, e-mail account users will communicate directly with an e-mail service provider about issues relating to the account, such as technical problems, billing inquiries, or complaints from other users. E-mail providers typically retain records about such communications, including records of contacts between the user and the provider's support services, as well records of any actions taken by the provider or user as a result of the communications. In my training and experience, such information may constitute evidence of the crimes under investigation because, for example, the information can be used to identify the account's user or users.

SEALING AND NON-DISCLOSURE ORDER

60. This investigation is ongoing. Premature disclosure of this application and affidavit for Search Warrant may compromise the investigation by, among other things, disclosing the precise matters being reviewed and the status of the investigation to date. Accordingly, it is respectfully requested that this Application and Affidavit for Search Warrant be sealed until further Order of the Court.

61. Also, if the E-mail Provider is permitted to give notice to the subscriber of the **TARGET ACCOUNT** or to any other person of the existence of the Search Warrant, there is

reason to believe that the subscriber will destroy evidence of the criminal conduct stored in the account and in other locations and/or cease using the **TARGET ACCOUNT** in an attempt to obscure the user's true identity, thereby impeding the criminal investigation. Thus, pursuant to Title 18, United States Code, Section 2705(b), it is respectfully requested that the E-mail Provider be ordered not to notify any other person regarding the existence of the search warrant.

RETENTION OF INFORMATION FOR AUTHENTICATION

62. In anticipation of litigation relating to the authenticity of data seized pursuant to the Warrant, the Government requests that it be allowed to retain a digital copy of all seized information authorized by the Warrant for as long as is necessary for authentication purposes.

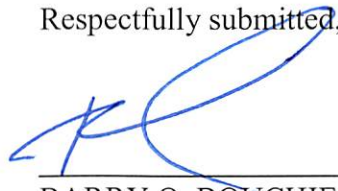
CONCLUSION

63. Based on my training and experience, and the facts as set forth in this affidavit, there is probable cause to believe that on the computer systems in the control of the E-mail Provider there exists evidence, instrumentalities, contraband and/or fruits of a crime. Accordingly, a search warrant is requested. Because the warrant will be served on the E-mail Provider who will then compile the requested records at a time convenient to it, reasonable cause exists to permit the execution of the requested warrant at any time in the day or night.

64. I anticipate executing the warrant pursuant to Rule 41 of the Federal Rules of Criminal Procedure and under the Electronic Communications Privacy Act, in particular 18 U.S.C. §§ 2703(a), 2703(b)(1)(A) and 2703(c)(1)(A), by using the warrant to require the E-mail Provider to disclose to the government copies of the records and other information (including the content of communications) particularly described in Section I of Attachment B. Upon receipt of the information described in Section I of Attachments B, government-authorized persons will review that information to locate the items described in Section II of Attachment B.

65. Pursuant to 18 U.S.C. § 2703(g), the presence of a law enforcement officer is not required for the service or execution of this ECPA warrant. To the extent necessary, I seek authorization to utilize non-law enforcement personnel, including the E-mail Provider personnel, for assistance in the execution of this search warrant and the technical examination of the seized items.

Respectfully submitted,

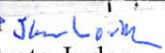


BARRY O. BOUCHIE
Postal Inspector
U.S. Postal Inspection Service

Sworn to before me this
25 day of August, 2017



/s/ STEVEN I. LOCKE

Hon. Gary R. Brown 
United States Magistrate Judge

ATTACHMENT A

Property to Be Searched

This warrant applies to information associated with the address “PK1726@aol.com” that are stored at premises owned, maintained, controlled, or operated by AOL Inc., a company that accepts service of legal process at AOL Legal Public Safety & Criminal Investigations Unit Custodian of Records, AOL Inc., 22000 AOL Way, Dulles, Virginia 20166, lawenforcement@teamaol.com.

ATTACHMENT B

Particular Things to be Seized

I. Information to be disclosed by AOL (the “E-mail Provider”)

To the extent that the information described in Attachment B is within the possession, custody, or control of the E-mail Provider, including any emails, records, files, logs, or information that has been deleted but is still available to the E-mail Provider, or has been preserved pursuant to a request made under 18 U.S.C. § 2703(f) on August 2, 2017, the E-mail Provider is required to disclose the following information to the government for each account or identifier listed in Attachment A for the time period December 5, 2009 to the present:

a. The contents of all e-mails associated with the account, including stored or preserved copies of e-mails sent to and from the account, draft e-mails, deleted e-mails, the source and destination addresses associated with each e-mail, the date and time at which each e-mail was sent, and the size and length of each e-mail;

b. All records or other information regarding the identification of the account, including full name, physical address, telephone numbers and other identifiers, records of session times and durations, the date on which the account was created, the length of service, the IP address used to register the account, log-in IP addresses associated with session times and dates, account status, alternative or secondary e-mail addresses, methods of connecting, log files, and means and source of payment (including any credit or bank account numbers);

c. The types of service utilized;

d. All records or other information stored by an individual using the account, including address books, contact and buddy lists, calendar data, pictures, and files;

e. All records pertaining to communications between the E-mail Provider and any person regarding the account, including contacts with support services and records of actions taken.

The Provider is hereby ordered to provide the Government: (a) a written statement whether any information or records have been withheld from its disclosures in response to this warrant based on the geographic location where such information or records are stored; (b) records or other written statement sufficient to identify the type(s) of information or records that may have been so withheld; and (c) records or other written statement sufficient to identify the geographic location or locations (including physical addresses) where any information or records so withheld are stored.

For purposes of authentication at trial, the Government is authorized to retain a digital copy of all seized information authorized by the Warrant for as long as is necessary for authentication purposes.

II. Information to be seized by the government

All information described above in Section I that constitutes fruits, contraband, evidence and/or instrumentalities of violations of Title 18, United States Code, Section 1301 (Importing or Transporting Lottery Tickets); Title 18, United States Code, Section 1302 (Mailing Lottery Tickets or Related Matter); Title 18, United States Code, Section 1341 (Mail Fraud); Title 18, United States Code, Section 1343 (Wire Fraud); and Title 18, United States Code, Section 1349 (Conspiracy to Commit Mail Fraud) (collectively, the “Specified Federal Offenses”) involving Patti Kern, Kern & Associates, Pacific Allocation Systems Inc., and similar other entities, and occurring after December 5, 2009, including, for each account or identifier listed on Attachment A, information pertaining to the following matters:

- a. Mass-mailed consumer fraud schemes involving sweepstakes, merchandise incentive offers (MIOs), puzzles, or other mail fraud schemes by Patti Kern, Kern & Associates, Pacific Allocation Systems Inc., and similar entities, including but not limited to:
 - i. customer databases or lists (including identifying information and all data captured about customers), contracts, complaints, correspondence, and other business or financial records related to Kern & Associates, Pacific Allocation Systems Inc., and similar entities the owners and operators of those entities, or any third parties also working on behalf of those entities;
 - ii. any draft or final, partial or complete, solicitations;
 - iii. any fulfillment items related to solicitations;
 - iv. any draft or final, partial or complete, collections letters;

- v. advertising promoting Kern & Associates, Pacific Allocation Systems Inc., and similar entities, including promotional packets, promotional videos, disclosure statements; internet, television, and newspaper advertisements;
- vi. legal documents, including complaints, accusations, demands, charges, lawsuits, responses, depositions, and settlements;
- vii. correspondence with consumers or any representative of a consumer (such as private counsel), governmental or other regulatory agencies, or the Better Business Bureau or other entity that receives complaints, or any record referring or relating to such correspondence;
- viii. invoices, business records, or financial records related to payments received from consumers related to Kern & Associates, Pacific Allocation Systems Inc., and similar entities;
- ix. invoices, business records, or financial records reflecting payments made to, made on behalf of, or received from Kern & Associates, Pacific Allocation Systems Inc., and similar entities;
- x. shipping and mailing records for common carriers and the United States Postal Service, including invoices and receipts;
- xi. records related to third-party payment processors, including contracts, correspondence, deposit slips, and consumer checks;
- xii. correspondence with others acting on behalf of Kern & Associates, Pacific Allocation Systems Inc., and similar entities including vendors that performed services in furtherance of its mailing campaigns;

- b. Evidence indicating how and when the email account was accessed or used, to determine the geographic and chronological context of account access, use, and events relating to the crime under investigation and to the email account owner;
- c. Evidence indicating the email account owner's state of mind as it relates to the crime under investigation;
- d. The identity of the person(s) who created or used the user ID, including records that help reveal the whereabouts of such person(s).